

Before you begin a nonprofit, we must also clearly understand what we mean by vision, values, and mission, since these concepts are key to the organization's ability to define its purpose and direction.

Strategy

The art and science of planning and directing large scale operations; a careful plan or method.

Business Plan

A diagram or scheme detailing the time, attention, and labor of people for the purpose of income improvement.

Feasibility Study

A practical, reasonable, and probable process for closely examining a subject, with the aim of determining how readily it can be performed or executed.

Vision

An idea or scheme marked by foresight, a mental image, a dream. A vision motivates individuals towards shared long-term goals.

Values

Standards or principles regarded as desirable or worthwhile; highly thought of, esteemed. Values constitute the essence of an organization's personality and identity.

Mission

The special task or purpose for which an organization is destined to perform.

Equipped with these concepts, we can begin to understand how to develop each of the planning processes.

Download the guide below.

<https://www.score.org/resource/eguide/business-planning-tools-nonprofits>

There are three key components for an organization to be exempt from federal income tax under section 501 (c)(3) of the IRC. A not-for-profit (i.e., nonprofit) organization must be organized and operated exclusively for one or more exempt purposes.

Organized – a 501 (c)(3) organization must be organized as a corporation, trust, or unincorporated association. An organization's organizing documents (articles of incorporation, trust documents, articles of association) must: limit its purpose to those described in section 501 (c)(3) of the IRC; not expressly permit activities that do not further its exempt purposes, i.e., unrelated activities; and permanently dedicate its assets to exempt purposes.

Operated – Because a substantial portion of an organization's activities must further its exempt purpose(s), certain other activities are prohibited or restricted including, but not limited to, the following activities. A 501(c)(3) organization:

- Must refrain from participating in the political campaigns of candidates for local, state, or federal office.
- Must restrict its lobbying activities to an insubstantial part of its total activities.
- Must ensure that its earnings do not inure to the benefit of any private shareholder or individual.
- Must not operate for the benefit of private interests such as those of its founder, the founder's family, its shareholders, or persons controlled by such interests.
- Must not operate for the primary purpose of conducting a trade or business that is not related to its exempt purpose, such as a school's operation of a factory.
- May not have purposes or activities that are illegal or violate fundamental public policy.

Exempt Purpose – To be tax exempt, an organization must have one or more exempt purposes, as stated in its organizing document. Section 501(c)(3) of the IRC lists the following exempt purposes: charitable, educational, religious, scientific, literary, fostering national or international sports competition, preventing cruelty to children or animals, and testing for public safety.